

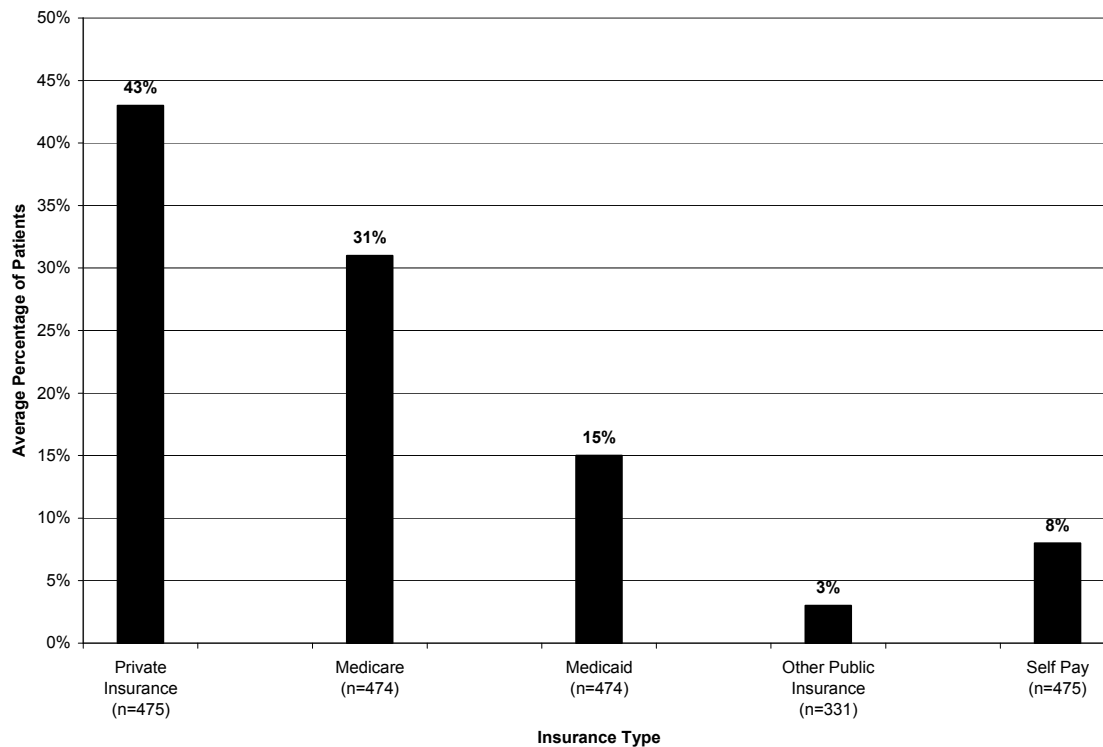
IV. DEMOGRAPHICS - PATIENT MIX, REVENUES, EXCESS REVENUES

This section provides demographic information for the hospitals included in the study. Section IV.A reports insurance coverage based on questionnaire responses. Section IV.B summarizes basic financial information (by revenue size) of the hospitals that reported revenues and expenses for their Form 990. Section IV.C provides financial information by community type. Section IV.D describes the demographic overlap of the community type and revenue size categories. Section IV.E provides a further breakdown by excess revenue categories.

A. Patient Insurance Coverage

Based on 480 responses, the average percentage of patients with no insurance was 8%, with private insurance was 43%, with Medicare was 31%, with Medicaid was 15%, and with some other form of public insurance was 3%. Figure 1, below, displays the breakdown.

Figure 1. Average Percentage of Insurance Coverage



B. Revenues and Excess Revenues By Revenue Size

This section classifies the hospitals into five revenue categories, and reports revenue, expense, and excess revenue information for these categories. Key findings of this section include the following:

1. The average and median total revenue amounts were \$179 million and \$89 million, respectively. The average and median excess revenue amounts were \$8.3 million and \$2.5 million, respectively.
2. The largest hospitals reported a disproportionately large percentage of aggregate total revenues. 7% of all hospitals (those with revenues over \$500 million) reported 40% of aggregate total revenues.
3. Overall, excess revenues as a percentage of total revenues was 4.6%. Excess revenues as a percentage of total revenues was lowest for the group of hospitals with revenues under \$25 million (3.3%), and increased with revenue size. Each revenue size category reported an aggregate excess revenue amount, as well as average and median excess revenue amounts, greater than zero.
4. 79% of all hospitals reported excess revenues. 39% reported excess revenues as a percentage of total revenues in the 0% to 5% range. 40% reported excess revenues as a percentage of total revenues in the over 5% range.
5. 21% of the overall group reported a deficit (total expenses greater than total revenues) or zero excess revenues. The percentage of hospitals reporting a deficit or zero excess revenues was greatest for the group of smallest hospitals (35%) and decreased with revenue size.

The aggregate annual revenues reported on Form 990 by the 488 hospitals was \$87.5 billion. A relatively small number of larger hospitals reported a disproportionately large portion of the overall reported revenues.

Figure 2, below, shows the distribution of hospitals by annual revenues and compares the percentages of hospitals in each revenue size group to the percentages of aggregate revenues reported by each group.

Figure 2. Distribution of Hospitals by Aggregate Annual Revenues

Annual Revenues	Respondent Profile		Aggregate Reported Revenue	
	#	% of all hospitals	\$Billion	% of aggregate revenue
Under \$25M	85	17%	\$1.2	1%
\$25M to under \$100M	173	36%	\$9.8	11%
\$100M to under \$250M	133	27%	\$21.0	24%
\$250M to under \$500M	61	13%	\$20.8	24%
\$500M and over	36	7%	\$34.7	40%
Total	488	100%	\$87.5	100%

The smallest revenue size comprised 17% of the hospitals, but only 1% of the aggregate reported revenues. The largest group comprised 40% of aggregate revenues even though it comprised only 7% of the total number of hospitals.

Figure 3, below, displays total annual revenues, total expenses, and the excess/deficit revenues (difference between total revenues and total expenses) as reported on Form 990 for each category. Separate charts are provided below for total revenues and excess revenues.

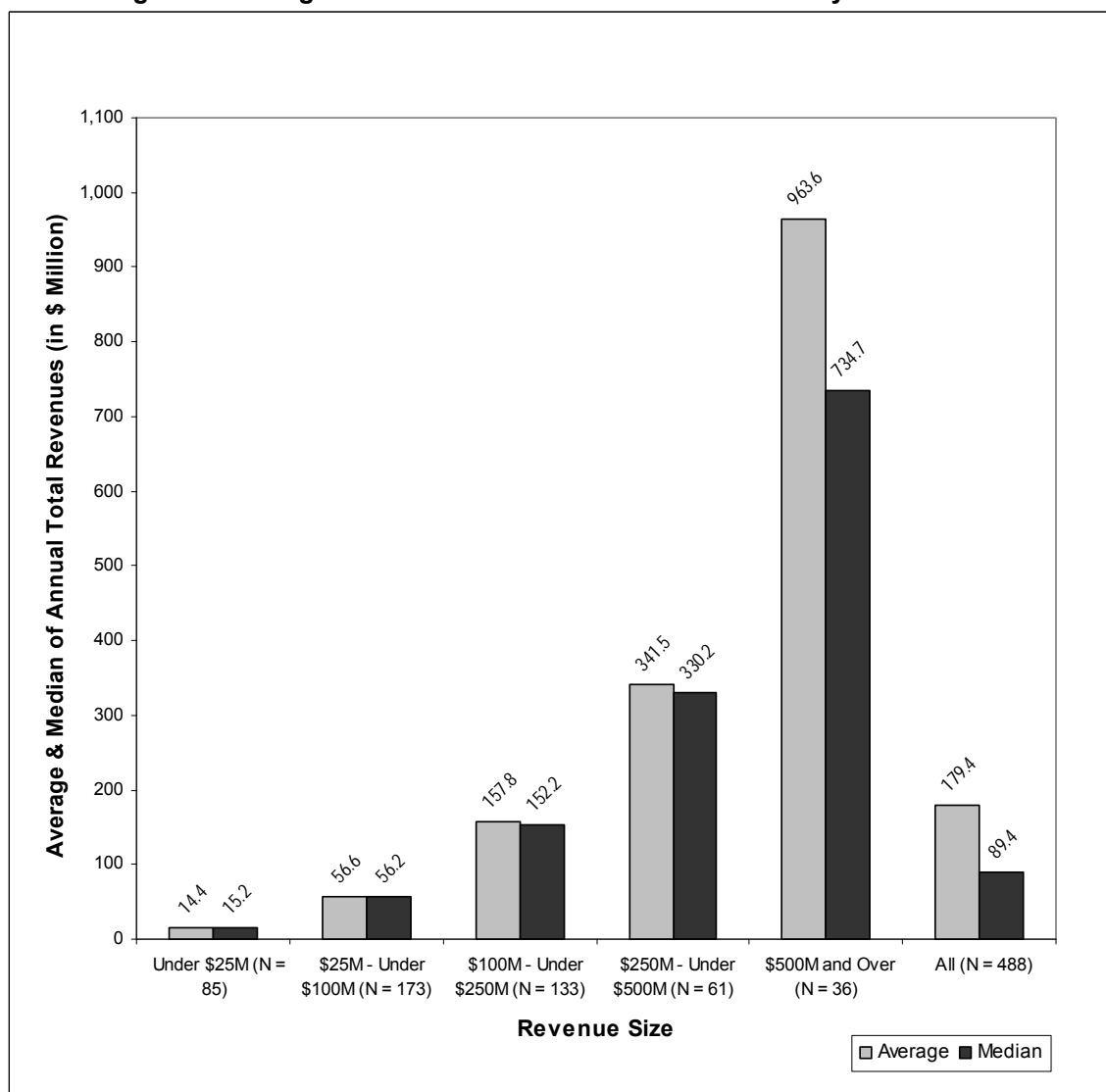
Figure 3. Annual Total Revenues, Total Expenses, and Excess/Deficit Revenue by Revenue Size

Revenue Size	Annual Total Revenues			Annual Total Expenses			Annual Excess/Deficit Revenue		
	Aggregate	Average	Median	Aggregate	Average	Median	Aggregate	Average	Median
	(Billion \$)	(Million \$)	(Million \$)	(Billion \$)	(Million \$)	(Million \$)	(Million \$)	(Million \$)	(Million \$)
Under \$25M (N = 85)	1.224	14.4	15.2	1.184	13.9	15.0	40.6	0.5	0.3
\$25M - Under \$100M (N = 173)	9.795	56.6	56.2	9.425	54.5	52.8	370.2	2.1	1.7
\$100M - Under \$250M (N = 133)	20.985	157.8	152.2	20.184	151.8	146.9	801.0	6.0	4.9
\$250M – Under \$500M (N = 61)	20.829	341.5	330.2	19.903	326.3	310.9	925.9	15.2	16.2
\$500M and Over (N = 36)	34.690	963.6	734.7	32.769	910.3	698.6	1,920.9	53.4	38.3
Overall (N = 488)	87.523	179.4	89.4	83.464	171.0	87.1	4,058.5	8.3	2.5

The average total annual revenue, as reported on the respondents' Forms 990, Line 12, was \$179 million, and the median was \$89 million. Each revenue size category reported positive numbers for average and median excess revenues.

The charts below display the average and median total revenues and excess revenue by revenue size category.

Figure 4. Average and Median of Annual Total Revenues by Revenue Size



In general, the average and median amounts are relatively close within each of the different groups. The difference between the average and median for hospitals with revenues of \$500 million and over, however, varies more than for the others. This indicates that some relatively large hospitals have total revenues that are much higher than the median total revenues for the \$500 million and over group.

Figure 5. Average and Median of Annual Excess Revenue by Revenue Size

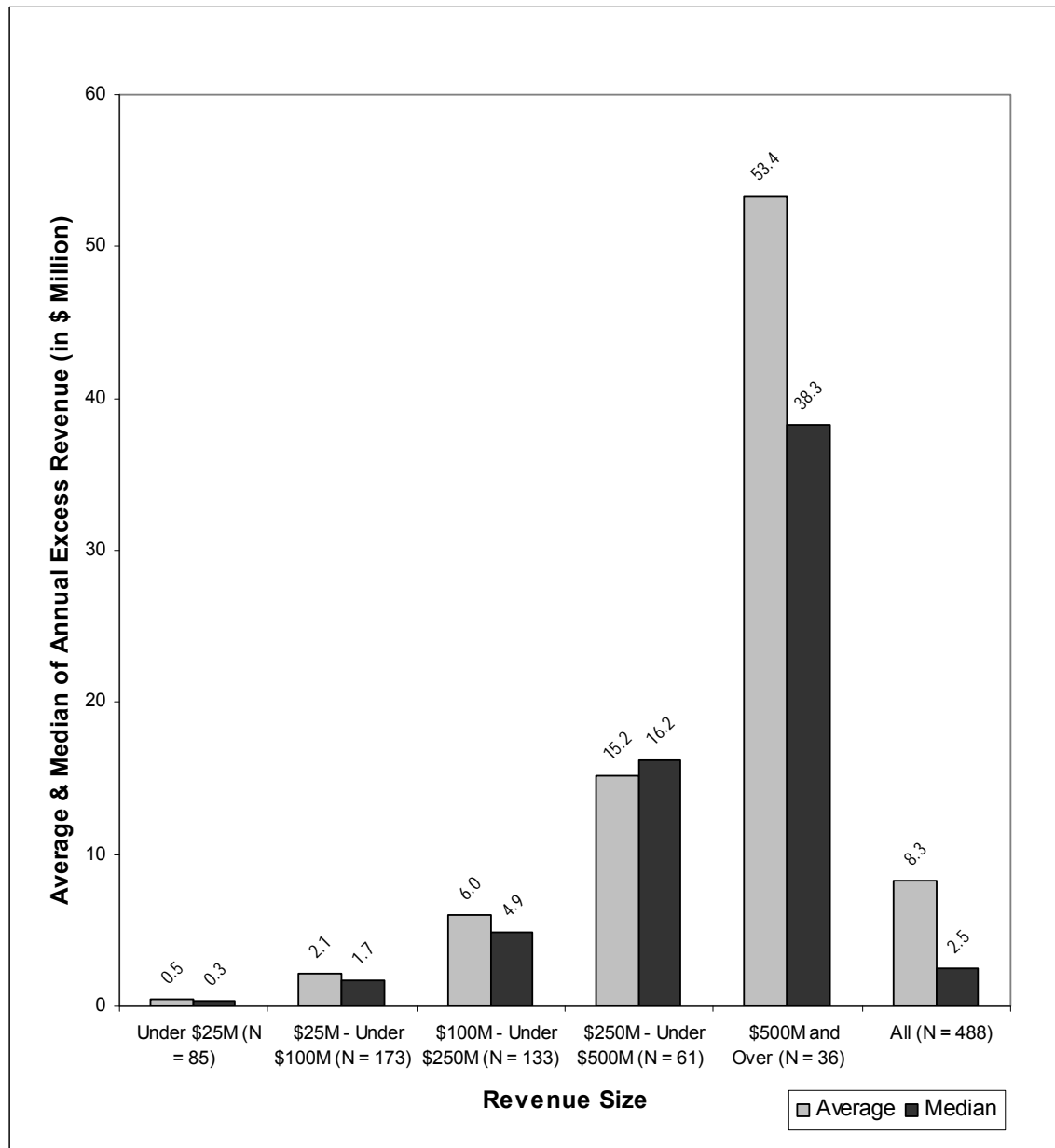


Figure 6, below, shows the reported aggregate excess revenues as a percentage of aggregate total revenues for each revenue size category and overall. These calculations are based on aggregate amounts reported in Figure 3 above. For example, the overall 4.6% figure represents \$4.1 billion of aggregate excess revenues divided by \$87.5 billion of aggregate total revenues.

Figure 6. Excess Revenue as a Percentage of Total Revenue

Revenue Size	Excess revenue as a percentage of total revenue
Under \$25 million (N = 85)	3.3%
\$25 million to \$100 million (N = 173)	3.8%
\$100 million to \$250 million (N = 133)	3.8%
\$250 million to \$500 million (N = 61)	4.4%
Over \$500 million (N = 36)	5.5%
Total (N = 488)	4.6%

The aggregate excess revenue as a percentage of aggregate total revenue generally increased across the categories, from a low of 3.3% for the under \$25 million category to a high of 5.5% for the over \$500 million category. The overall average was 4.6%.

Figure 7, below, shows the distribution of negative/positive excess revenues as a percentage of revenues.

Figure 7. Distribution of Excess Revenue as a Percentage of Annual Total Revenue by Revenue Size

Revenue Size	All		Excess Revenues as Percentage of Total Revenues Range									
			0% or Negative		Positive to < 2.5%		2.5% - < 5%		5% - < 10%		10% & Over	
	N	% of all hospitals	N	% of revenue size	N	% of revenue size	N	% of revenue size	N	% of revenue size	N	% of revenue size
Under \$25M	85	17	30	35	13	15	11	13	19	22	12	14
\$25M - Under \$100M	173	36	39	23	29	17	41	24	43	25	21	12
\$100M - Under \$250M	133	27	25	19	30	23	29	22	39	29	10	8
\$250M and Over	97	20	10	10	19	20	18	19	40	41	10	10
All	488	100	104	21	91	19	99	20	141	29	53	11

Figure 7, above, shows that overall 21% of the hospitals reported total expenses greater or equal to total revenues, and 39% of the hospitals reported excess revenues as a percentage of total revenues in the range of greater than 0% to 5%. 40% of all hospitals reported excess revenues as a percentage of total revenues of at least 5%; 11% reported excess revenues of at least 10% of total revenues.

The percentage of hospitals reporting a deficit or zero excess revenue decreased as revenue size increased. The \$500 million and over revenue size had the smallest percentage of hospitals reporting zero or a deficit.³⁸

³⁸ The two largest revenue sizes were combined to prevent potential identification of respondent hospitals.

C. Revenues and Excess Revenues by Community Type

This section classifies the hospitals into four community types, and reports revenue, expense, and excess revenue information for these categories. Key findings of this section include the following:

1. Rural hospitals generally reported smaller total revenues and excess revenues than did other community types. The rural community types had a disproportionately small percentage of aggregate total revenues (30% of the hospitals, 10% of aggregate revenues), while the high population community type had a disproportionately large percentage of aggregate revenues (19% of hospitals, 41% of aggregate revenues).
2. Each community type reported aggregate excess revenues and average and median excess revenues as a percentage of total revenues greater than zero. CAHs reported the smallest average and median total revenues (\$29 million and \$20 million, respectively) and the smallest average and median excess revenue amounts (\$1.0 million and \$0.5 million, respectively). High population hospitals reported the largest average and median amounts, both for total revenues (\$389 million and \$196 million, respectively) and for excess revenues (\$17.5 million and \$4.2 million, respectively).
3. CAHs reported the smallest percentage of excess revenues as a percentage of total revenues (3.5%); rural (non-CAH) hospitals reported the largest percentage (6.0%). 34% of CAHs reported a deficit (total expenses greater than total revenues) or zero excess revenue compared to 13% for rural (non-CAH) hospitals and 21% overall.

The table below shows the distribution of hospitals and aggregate total revenues by community types.

Figure 8. Distribution of Hospitals and Total Revenues by Community Type

Community Type	Respondent Profile		Aggregate Reported Revenue	
	#	%	\$Billion	%
High Population	93	19%	\$36.2	41%
Rural – CAH	68	14%	\$2.0	2%
Rural – Non CAH	78	16%	\$7.3	8%
Other	249	51%	\$42.1	48%
Total	488	100%	\$87.5	100%

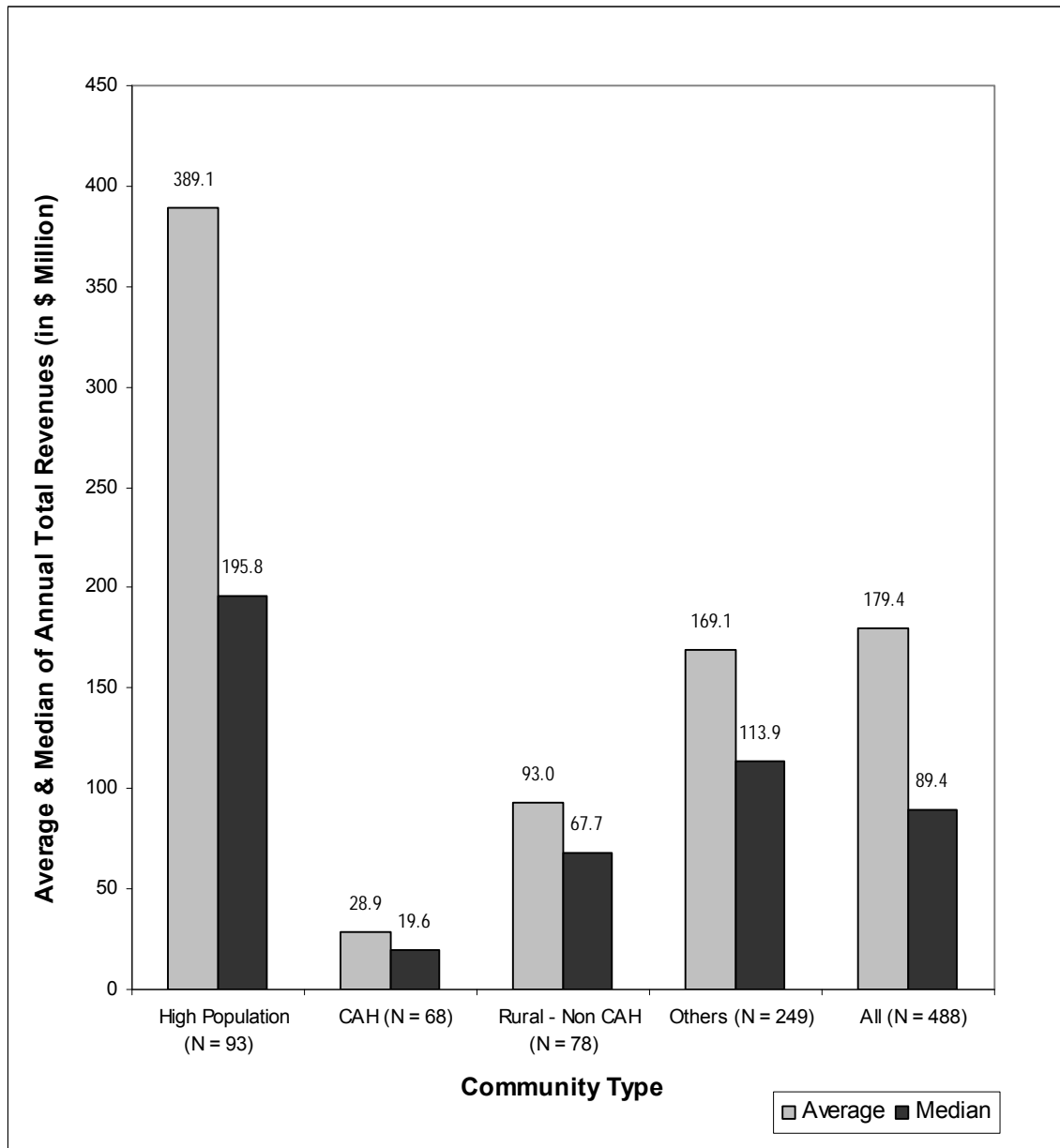
The rural community types had a disproportionately small percentage of aggregate total revenues while the high population community type had a disproportionately large percentage of aggregate revenues. The other urban and suburban category comprised approximately half of the number of hospitals and overall reported total revenues.

Figure 9, below, includes the aggregate, average and median total revenues, total expenses, and excess of revenues over expenses by community type. Figure 10 and Figure 11 display total revenues and excess revenues by community type.

Figure 9. Annual Total Revenues, Total Expenses, and Excess/Deficit Revenue by Community Type

Community Types	Annual Total Revenues			Annual Total Expenses			Annual Excess/Deficit Revenue		
	Aggregate	Average	Median	Aggregate	Average	Median	Aggregate	Average	Median
	(Billion \$)	(Million \$)	(Million \$)	(Billion \$)	(Million \$)	(Million \$)	(Million \$)	(Million \$)	(Million \$)
High Population (N = 93)	36.184	389.1	195.8	34.557	371.6	196.7	1,627.5	17.5	4.2
Rural - CAH (N = 68)	1.965	28.9	19.6	1.896	27.9	19.3	69.3	1.0	0.5
Rural - Non CAH (N = 78)	7.256	93.0	67.7	6.823	87.5	64.8	433.3	5.6	3.4
Others (N = 249)	42.117	169.1	113.9	40.189	161.4	109.7	1,928.4	7.7	3.1
Overall	87.523	179.4	89.4	83.464	171.0	87.1	4,058.5	8.3	2.5

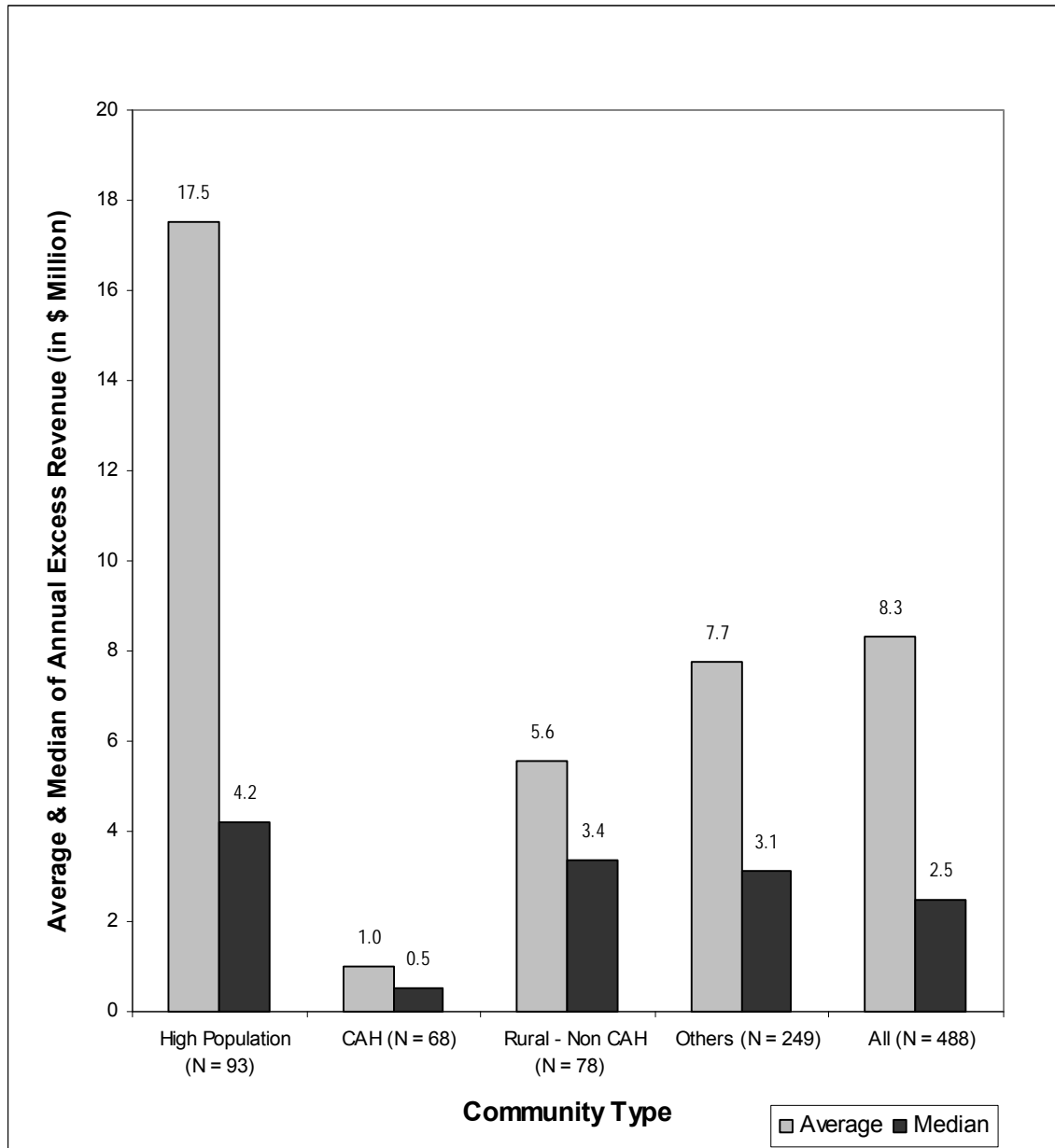
Figure 10. Average and Median Annual Total Revenue by Community Type



The CAHs reported the smallest average and median revenue amounts of any community type. The average annual total revenue for hospitals in the high population group is more than double the average annual total revenue for hospitals in the other urban and suburban category, the next largest group, and more than double the average annual total revenue for the entire group of hospitals.

The high population group shows the largest difference between average revenue and median revenue. This deviation indicates that there are a number of extremely large hospitals (relative to the others in the group) located in high population areas.

Figure 11. Average and Median Annual Excess Revenue by Community Type



As was the case with total revenues, the greatest variation between average and median excess revenue amounts was with the high population group.

The table below shows the reported excess revenues as a percentage of total revenues for each community type. These calculations are based on aggregate amounts reported in Figure 9, above. For example, the overall 4.6% figure represents \$4.1 billion of aggregate excess revenues divided by \$87.5 billion of aggregate total revenues.

Figure 12. Excess Revenue as a Percentage of Total Revenue by Community Type

Community Type	Excess revenues as a percentage of total revenue
High population (N = 93)	4.5%
Rural - CAH (N = 68)	3.5%
Rural - Non CAH (N = 78)	6.0%
Others (N = 249)	4.6%
All 488 hospitals	4.6%

The overall measure of excess revenues as a percentage of total revenues was 4.6%. All four community types reported revenues greater than expenses for the year. The CAH community type reported the smallest percentage of excess revenues as a percentage of total revenues (3.5%) and rural (non-CAH) hospitals reported the largest percentage (6%). High population and other urban and suburban hospitals were approximately at the overall percentage.

Figure 13, below, shows the distribution of negative/positive excess revenues as a percentage of revenues by community type.

Figure 13. Distribution of Excess Revenues as a Percentage of Annual Total Revenue by Community Type

Community Type	All		Excess Revenue as Percentage of Revenue Range									
			0% or Negative		Positive to < 2.5%		2.5% - < 5%		5% - < 10%		10% & Over	
	N	% of all hospitals	N	% of community type	N	% of community type	N	% of community type	N	% of community type	N	% of community type
High Population	93	19	20	22	24	26	20	22	21	23	8	9
CAH	68	14	23	34	7	10	15	22	17	25	6	9
Rural - Non CAH	78	16	10	13	12	15	11	14	32	41	13	17
Others	249	51	51	20	48	19	53	21	71	29	26	10
All	488	100	104	21	91	19	99	20	141	29	53	11

CAHs reported the largest percentage of hospitals with a deficit or zero excess revenues, and other rural hospitals reported the smallest.

D. Relationship between Community Type and Revenue Size

The figures below show the overlap of community type and revenue size within the respondent hospitals. For example, in Figure 15, the middle vertical bar in the under \$25 million revenue size shows there are 50 rural hospitals (CAH and non-CAH) under \$25 million in revenue size. Figure 15 shows the distribution of community types across the revenue size categories, and Figure 16 shows the distribution of revenue size across community types.

Figure 14. Number of Hospitals by Revenue Size and Community Type

	Under \$25 million	\$25 - \$100 million	\$100 - \$250 million	Over \$250 million	Total
High Population	3	20	33	37	93
CAH/Rural Non-CAH	50	72	17	7	146
Other	32	81	83	53	249
Total	85	173	133	97	488

Figure 15. Number of Hospitals by Community Type and Revenue Size

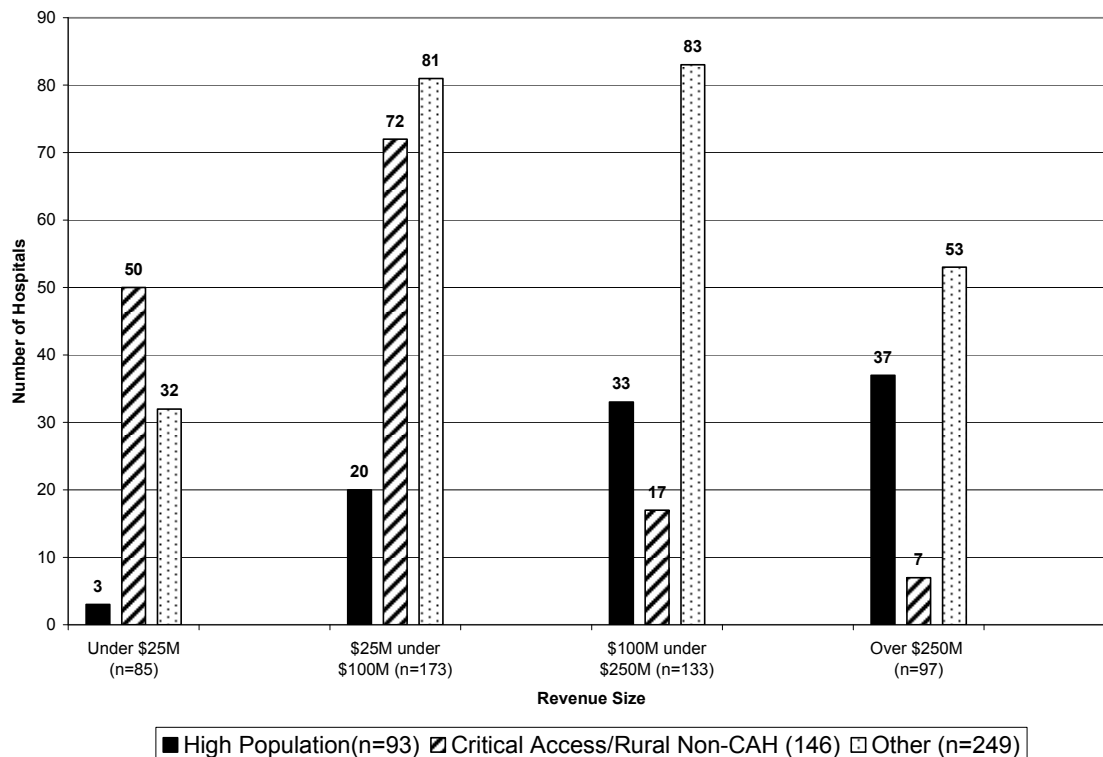
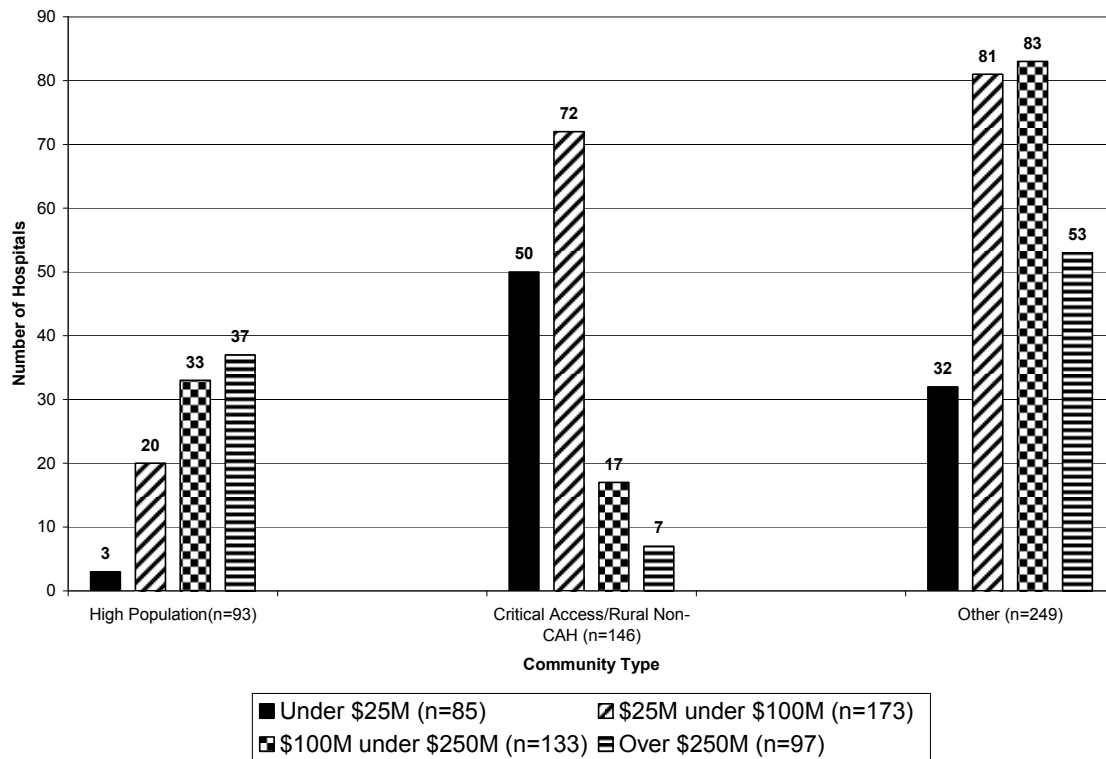


Figure 16. Number of Hospitals by Revenue Size and Community Type



As might be expected, there generally was a strong correlation between community type and revenue size. Most rural hospitals (84%) reported total revenues under \$100 million. 75% of high population hospitals reported total revenues over \$100 million, and high population hospitals constituted 58% of these reporting total revenues over \$500 million.³⁹ More than 20% of high population hospitals and more than 5% of other urban and suburban hospitals were in the over \$500 million revenue size. More than 55% of CAHs were in the lowest revenue size.

E. Groupings by Excess Revenues

The previous sections reported revenues and excess revenues based on revenue size and community type categories. This section classifies the 488 hospitals into five categories based on the amounts of the excess revenues over expenses reported on the Forms 990. Overall, the hospitals reported \$4.1 billion of excess revenues. Figure 17, below, shows the distribution of hospitals and aggregate excess revenues by these five excess revenue categories.

³⁹ The two groups of rural hospitals and the two largest revenue sizes were combined in the figures to prevent potential identification of respondent hospitals.

Figure 17. Distribution of Hospitals and Aggregate Excess Revenue by Excess Revenue Size

Annual Excess Revenues	Respondent Profile		Aggregate Reported Excess Revenue	
	#	%	\$M	%
\$0 or under	104	21%	\$-373	-9%
\$1 to under \$2.5M	138	28%	\$158	4%
\$2.5M to under \$7.5M	109	22%	\$484	12%
\$7.5M to under \$15M	60	12%	\$647	16%
\$15 M and over	77	16%	\$3,143	77%
Total	488	100%	\$4,059	100%

The table shows the bulk of reported excess revenues was reported by a relatively small group of hospitals. The group of hospitals reporting \$15 million or more of excess revenues comprised 16% of the hospitals, but reported 77% of the aggregate excess revenues.

The table below displays total revenues, total expenses, and the excess/deficit revenues for each excess revenue category listed above. Figure 19 and Figure 20 display total revenues and excess revenues by excess revenue category.

Figure 18. Annual Total Revenues, Total Expenses, and Excess/Deficit Revenues by Excess Revenue Size

Excess Revenue Size	Annual Total Revenues			Annual Total Expenses			Annual Excess/Deficit Revenue		
	Aggregate	Average	Median	Aggregate	Average	Median	Aggregate	Average	Median
	(Billion \$)	(Million \$)	(Million \$)	(Billion \$)	(Million \$)	(Million \$)	(Million \$)	(Million \$)	(Million \$)
\$0 or Under (N = 104)	10.525	101.2	57.1	10.898	104.8	59.5	-373.3	-3.6	-1.6
\$1 - Under \$2.5M (N = 138)	7.543	54.7	32.5	7.385	53.5	32.0	158.3	1.1	1.2
\$2.5M - Under \$7.5M (N = 109)	13.389	122.8	83.3	12.905	118.4	76.9	484.1	4.4	4.0
\$7.5M - Under \$15M (N = 60)	12.798	213.3	178.8	12.151	202.5	168.7	646.6	10.8	10.8
\$15M or Over (N = 77)	43.268	561.9	386.7	40.126	521.1	357.2	3,142.9	40.8	29.5
Overall (N=488)	87.523	179.4	89.4	83.464	171.0	87.1	4,058.5	8.3	2.5

Figure 19. Average and Median Annual Total Revenue by Excess Revenue Size

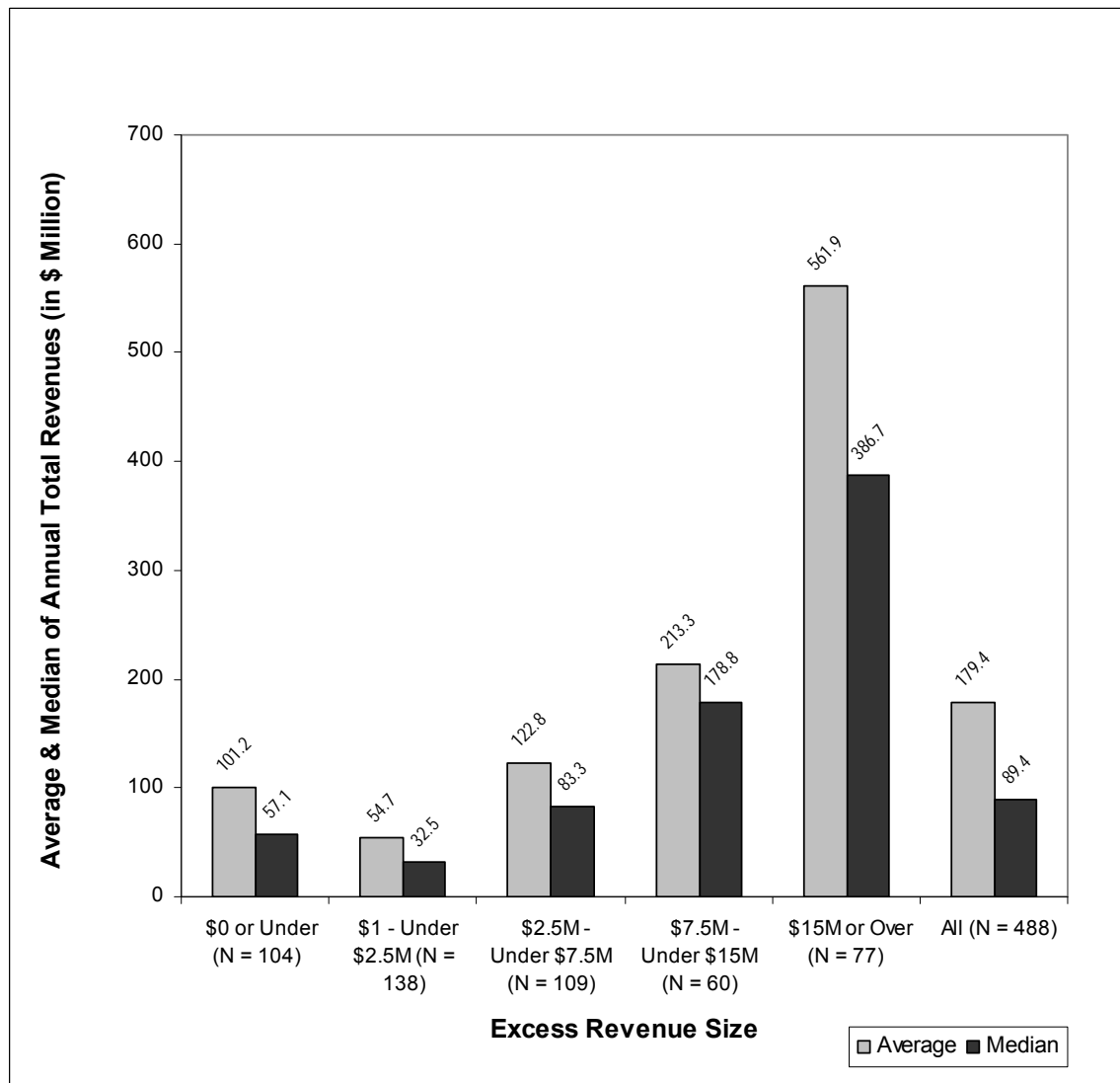


Figure 20. Average and Median Annual Excess Revenue by Excess Revenue Size

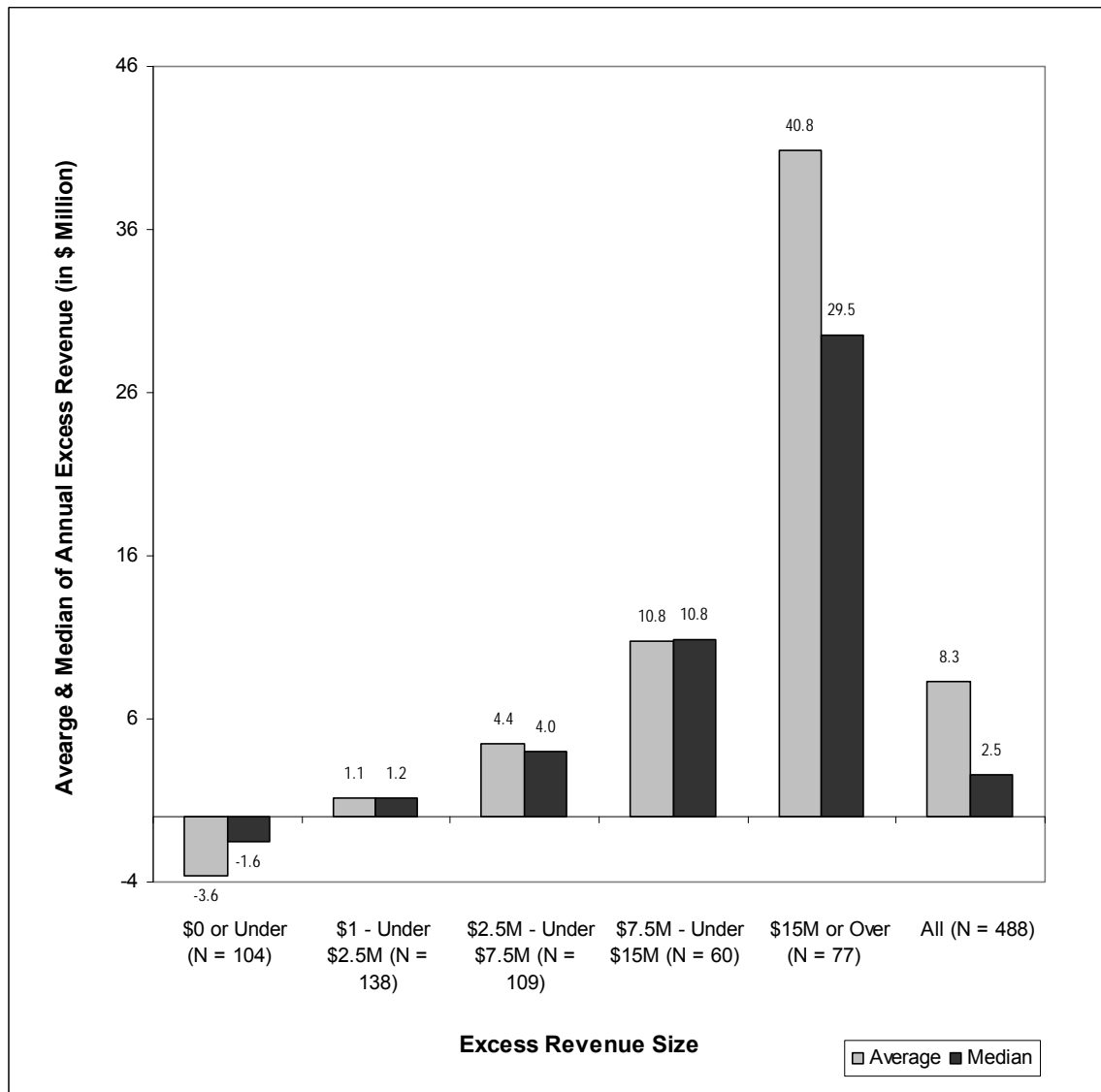


Figure 19 shows that hospitals with deficits or the smallest excess revenues tended to be those with lower total revenues (under \$123 million average, under \$83 million median).

Figure 21, below, shows the distribution of negative/positive excess revenues as a percentage of annual revenues by excess revenue sizes.

**Figure 21. Distribution of Excess Revenue as a Percentage of Annual Total Revenue
by Excess Revenue Size**

Excess Revenue Size	All		Excess Revenue as a Percentage of Annual Revenue Range							
			0% or Negative		Positive to < 5%		5% - < 10%		10% or Over	
	N	% of all hospitals	N	% of revenue size	N	% of revenue size	N	% of revenue size	N	% of revenue size
Negative & 0	104	21	104	100	0	-	0	-	0	-
\$1 - Under \$2.5M	138	28	0	-	104	75	26	19	8	6
\$2.5M - Under \$7.5M	109	22	0	-	55	51	40	37	14	13
\$7.5M - Under \$15M	60	12	0	-	20	33	29	48	11	18
\$15M or Over	77	16	0	-	11	14	46	60	20	26
All	488	100	104	21	190	39	141	29	53	11

Most of the hospitals in the \$1 to under \$7.5 million ranges (64%) reported excess revenues under 5% of total revenues. Most of the hospitals in the \$7.5 million or over ranges (55%) reported excess revenues in the 5% to under 10% level.